



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Debra Figone

**SUBJECT: PLANNING COMMISSION
RECOMMENDATIONS ON THE
PROPOSED 2009-2013 CAPITAL
IMPROVEMENT PROGRAM**

DATE: May 13, 2008

INFORMATION ONLY

The attached recommendations and comments were provided by the Planning Commission in accordance with the San José City Charter that prescribes that the Planning Commission consider the City's Proposed Capital Improvement Program (CIP) and submit its findings and recommendations to the City Council at least ten (10) days prior to a public hearing of the City Council on the CIP. In response to Commissioner Platten's comments and request for clarification, City staff will provide separate information directly to the Planning Commission.



DEBRA FIGONE
City Manager

Attachment

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Planning Commission

**SUBJECT: RECOMMENDATION ON THE
PROPOSED 2009-2013 CAPITAL
IMPROVEMENT PROGRAM**

DATE: May 9, 2008

RECOMMENDATION

The Planning Commission (7-0-0) recommends that the City Council adopt the Proposed 2009-2013 Capital Improvement Program (CIP) and consider additional Planning Commission comments outlined herein.

OUTCOME

Adoption of the Proposed 2009-2013 Capital Improvement Program (CIP) will provide continued funding for programs and policies that the City Council has established as priorities. The CIP will guide the City in the planning, scheduling, and budgeting of capital improvement projects during the next five-year period.

BACKGROUND

The San Jose City Charter prescribes that the Planning Commission consider the City's Proposed Capital Improvement Program (CIP) and submit its findings and recommendations to the City Council at least ten (10) days prior to a public hearing of the City Council on the CIP. Since the CIP implements the goals and policies of the General Plan, a determination of consistency with the *San Jose 2020 General Plan* is an important criterion in the Commission's review of the document.

ANALYSIS

On May 7, 2008, the Planning Commission conducted its annual study session for review of the City's Proposed 2009-2013 Capital Improvement Program (CIP). The study session included a presentation by staff from the City Manager's Budget Office. Active Commission discussion occurred with representatives from each City Department.

Following the study session, the Commission conducted a public hearing regarding their comments on the proposed CIP, which are being forwarded to the Council for their consideration. There were no public comments during the hearing.

Many of the questions and comments made during the Planning Commission's discussion at the CIP study session related to two primary themes:

1. Actions to improve the City's fiscal condition.

The Planning Commission encouraged the City to continue to investigate opportunities to increase City revenues and, specifically, to verify that the private sector incurs the full cost of construction of new infrastructure needed to support new development. The Commission endorsed the currently proposed increase to the Underground Utility In-Lieu Fee to more accurately reflect actual construction costs, and asked if proposed rate increases in the Sewer Service and Use Charge and Storm Sewer fees would also achieve cost recovery. The Commission noted that fees should take major long-term capital needs into consideration, such as continued rehabilitation of the Water Pollution Control Plant. Similarly, the Commission asked for verification that costs related to expansion of the Norman Y. Mineta San Jose International Airport and costs for operation and maintenance of the HP Pavilion are fully borne by users of those facilities.

Members of the Commission strongly stated that the City should reconsider funding of the process for Leadership in Energy and Environmental Design (LEED) certification, and suggested that money currently allocated to the necessary documentation and application fees might be better applied towards incorporating additional green building elements into City projects.

Finally, the Commission inquired about the fiscal impact of the temporary closure of Happy Hollow Park and Zoo during phase II renovations. The Commission also asked about potential increases in lease revenues and inquired if staff were anticipating a drop in attendance after the park reopens.

2. Actions to further address environmental concerns.

The Planning Commission encouraged consideration of a range of issues that promote a healthy environment, the efficient use of resources, and a high quality of life. First, the Commission inquired about the adequacy of future fresh water supplies, and expressed interest in measures designed to promote water conservation and maximize the use of recycled water. Second, the Commission discussed green building measures, with particular interest in a cost/benefit analysis of solar photovoltaic panel installations. While the Commission did not see a need to modify the City's current standards for LEED accreditation of City projects, they suggested that the City incorporate additional green building measures in City projects up front, in order to avoid costly future retrofitting.

Related to the traffic capital program, the Commission spoke in support of continuing the use of traffic funds for activities that promote community livability (e.g., weed abatement, sidewalk repair), including eventual completion of the couplet conversion projects. In addition, the Commission emphasized the importance of implementation of the ADA Sidewalk Accessibility Program, and current staff efforts to identify and prioritize curb ramp installation needs to remove barriers for elderly and disabled persons.

In closing the study session, the Commission commended staff in their recent receipt of an "Excellence in Capital Budgeting" award from the California Society of Municipal Finance Officers, and were appreciative of having received the CIP in a timely manner to help facilitate their review.

At the public hearing, Commissioner Platten made a motion to recommend approval of the CIP, and to forward the following comments to the City Council relative to specific items referenced in the City Manager's 2008-2009 Budget Message:

1. *Capital Budget Implementation Shortfall* (page 1): the 2008-2009 Proposed Capital Budget is \$730.7 million, and after rebudgeting is expected to top the \$1 billion level. The Commission requests clarification as to: (a) why over \$250 million in construction work that was funded didn't take place; (b) if any overhead charges were applied to that budget but not spent on actual construction; and, (c) how this shortfall is distributed across the 14 Capital Programs that make up the majority of these projects.
2. *Green Building Implementation* (page 4): the City Council should review the LEED certification program, and consider replacing it instead with a requirement to incorporate green building elements that meet LEED certification levels in construction project agreements, in place of funding the additional paperwork costs of acquiring the certification. At the study session, the Commission suggested that money would be better utilized in upgrading and improving green building elements in projects for which capital funds are expended.
3. *Unmet Infrastructure/Maintenance Needs* (page 5): the Commission asks that the City Council be clear in identifying whether the one-time backlog of approximately \$900 million is part of the "structural deficit", as that term has been used and especially as it has been presented to the Council committee working on this issue.
4. *Unmet Infrastructure/Maintenance Needs* (page 6): the Commission comments that the additional one-time General Fund funding of \$5 million, proposed to be allocated to a deferred maintenance reserve as part of the 2008-2009 Proposed Operating Budget, raises a question about the validity of the \$900 million backlog figure and leaves a "credibility gap" on the degree of the unmet need given an apparent lack of public outcry on this issue.
5. *Capital Program by City Service Area* (page 8): the Commission notes that the Environmental and Utility Services fund is growing, and questions whether this increase has been independently justified or whether more money is simply being placed into that particular fund.
6. *Water Pollution Control Plant Master Plan* (page 12): the Commission notes that the CIP proposes \$7.7 million be used to complete a study to provide the Plant with a phased program to accommodate planned growth and meet regulatory requirements. The Commission comments that this dollar figure seems large, and requests that the City

Council request staff to provide further justification, so that its clear that an appropriate level of public review is being conducted.

7. *Bond Measure Projects Funding* (page 13): the Commission comments that, given bond funding audit requirements, the City should make clear the due diligence in the performance of these audits and verify that these audits are available for public review.
8. *Park Trust Fund* (page 15): the Commission recalls past criticism of the City for not spending Park Trust Fund monies as quickly as required by law or distributing them outside the geography that were required by the nexus of where the funds were generated. Accordingly, given the CIP statement that staff is "currently exploring options to allocate" \$26.9 million of unallocated PDO/PIO funds, the City Council should request some specificity as to how much of this money is designated for specific projects.
9. *Parking Capital Development Fund* (page 18): the Commission would like noted for the City Council that staff indicated at the CIP study session that the \$5.1 million deposit to the Parking Capital Development Fund in 2007-2008 was discretionary and could be reallocated for other purposes.
10. *Fees and Charges Revenue Estimates* (page III-2 of CIP summary): the Commission would like to commend staff for its conservative approach in preparation of revenue estimates that, according to information shared at the CIP study session, have been met or exceeded for the current fiscal year.
11. *Transfers from Other Funds* (page III-6 of CIP summary): based on information supplied by staff at the CIP study session, the Commission would like to note that transfers are primarily from one fund to another, and not from a different type of fund to another. Thus, in instances where fund encumbrances are initially projected but thereafter liquidated, the City Council can consider whether or not those funds may later become available for discretionary uses.

Conclusion

Based on information contained in the Proposed 2009-2013 Capital Improvement Program and shared at the study session, the Planning Commission finds that the CIP is consistent with the *San Jose 2020 General Plan*. The Planning Commission recommends that the City Council adopt the Proposed 2009-2013 Capital Improvement Program.

ALTERNATIVES

Not applicable.

PUBLIC OUTREACH

The Planning Commission CIP study session was noticed as a public meeting. However, no citizens chose to attend. Further, the Commission's formal recommendation to the City Council

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on the CIP occurred as a public hearing item on the agenda of the Planning Commission's evening session on May 7, 2008. No citizens provided testimony on this item.

COORDINATION

The preparation of this report was coordinated with the Budget Office and City Attorney's Office.

COST IMPLICATIONS

Not applicable.

CEQA

Not applicable.


For JOSEPH HORWEDEL, SECRETARY
Planning Commission

For questions please contact Andrew Crabtree, Principal Planner, Department of Planning, Building and Code Enforcement at (408) 535-7893.